

[REDACTED]
[REDACTED]
[REDACTED]
AUG 27 1987

CERTIFIED MAIL

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, and the information submitted in support thereof.

The evidence submitted shows that you were incorporated on [REDACTED] under the [REDACTED] Nonprofit Corporation Act. Your purposes as stated in your Articles show that you are organized exclusively for charitable, educational, literary and scientific purposes, including (without limitation) to promote the welfare of handicapped children and youth through education, public awareness, and communication, and through interchange of ideas from those who work with these children.

You are a membership organization. Your various membership classifications as shown in your By Laws are as stated below:

Full Membership shall be open to all self-employed professionals who have a master's degree and/or three years' experience in their present field. In addition, certification is necessary when required by law. Only Full Members are entitled to vote at annual meetings.

Unless and until such time as the Board of Directors shall decide otherwise, membership in this organization shall not be considered as equivalent to licensing or certification; and responsibility for evaluating qualifications will rest upon individual members.

Associate Membership shall be open to professionals having the same qualifications as those of Full Members, except that they are not required to be self-employed. They will have all privileges of Full Members, except that they will not be listed in the Directory, be entitled to vote at membership meetings, or hold office.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[REDACTED]	[REDACTED]	[REDACTED]				
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	7-21-87	7/21/87	8/26/87				

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Organizational Memberships will give organizations the privileges of sending three members to each meeting, of receiving the newsletter, and of being listed in the Directory by name only.

Student Memberships shall be open to graduate students in appropriate fields. They will have the same privileges as Associate Members.

Your income is derived from membership dues and fees, seminar admissions and sale of your Directory of Educational Services and mailing labels.

Your activities as described in your application and the supporting information submitted are as described below:

1. Monthly meetings held during the academic year where guest speakers provide lectures and seminars on topics of interest and members have an opportunity to meet and exchange information and ideas. All of the program meetings are open to the general public. You state the meetings educate your members and the general public about professional as well as business topics.
2. The publication of a By-monthly newsletter with information useful to your members. The newsletter informs members about programs for children, business topics of interest (such as group insurance), and a variety of education related topics.
3. Annually you hold the ██████████. You described the ██████████ as follows:

██████████ is held once a year for the purpose of providing an opportunity for the general public and professionals to learn about the kinds of services that are available. ██████████ members meet and talk with each other and with interested members of the general public in order to explain the kinds of services that are offered and when these different services might be appropriate. The meeting takes place on a Thursday evening and lasts for approximately two-and-one-half hours. Members provide written materials explaining their services and are available to answer questions and discuss topics of interest to other professionals as well as to the general public. ██████████ is an important forum in which professionals come together and actually discuss their different areas of expertise with each other and with the general public.

4. The Publication of an annual "[REDACTED]." This publication is a listing of all members of your organization. The listings for full members includes descriptions of their areas of expertise and brief biographical sketches. The Directory is distributed to members and to local schools, hospitals, parent groups and other organizations which may be in need of services offered by [REDACTED] members. You state the Directory greatly increases opportunities for professionals to make appropriate referrals. Approximately [REDACTED] percent of your total annual income is used for the preparation, printing and distribution of this directory.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax for organization organized and operated exclusively for charitable, educational, religious, and scientific purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations states that in order for an organization to be exempt under section 501(c)(3) of the Code it must be organized and operated exclusively for one or more purposes specified in such section.

Section 1.501(c)(3)-1(c)(1) of the regulations states that an organization is operated exclusively for the purposes set out in section 501(c)(3) of the Code only if substantially all of its activities are furtherance of these purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations states that an organization is not organized or operated for any purpose under section 501(c)(3) unless it serves a public rather than private interest.

Thus to meet the requirement of this subparagraph, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests. Moreover, even though an organization may have exempt purposes, it will not be considered as operating exclusively for such purposes if more than an insubstantial part of its activities serve a private interest.

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In Better Business Bureau v. U.S. 326 U.S. 279 (1945), C.T.D. 1950, 1945 C.B. 375, the Supreme Court stated that the presence of even a single, non-exempt purpose, if more than insubstantial in nature, will defeat exemption, under Code section 501(c)(3), regardless of the number or importance of truly exempt purposes.

Revenue Ruling 65-14, 1965-1 C.B., p.236, describes an organization that applied for tax-exempt status as an organization described in section 501(c)(6) of the Code. The organization was formed to promote the tourist industry in its area. Its principal activity was the publishing of a yearbook consisting largely of paid advertisements for its members. Exemption was denied because it was concluded that the publication of advertising matter containing listing of names of individual members constitutes advertising for the individuals so advertised and was thus considered the performance of particular services for such individuals.

Revenue Ruling 76-409, 1976-2, C.B. 154 denied tax-exempt status under section 501(c)(6) to an organization of individuals in the business of furnishing finance adjusting services that assigned exclusive franchise areas to its members and published and distributed to their potential customers a directory containing member's names and addresses. The rationale for denial was that the publication and distribution of a directory containing the names and addresses of members constituted advertising for the individuals so listed, and was therefore the performance of particular services for such individuals.

Your letter of ██████████, stated that one of your purposes was to develop communication among professionals in the field of education working in the metropolitan area of the ██████████. The reason for developing communications among professionals is to educate them with respect to a variety of different approaches to educational problems and issues.

Information submitted and as cited in this letter shows that your membership is composed of various individuals employed in or associated with the educational needs of children. Your publication "██████████" lists your members and cites their various fields of expertise. You distribute this publication to members and to various entities that may have need for the services of your members. The publication of your Directory is an activity similar to the activity of the organization in the Revenue Rulings cited above. Although the Revenue Rulings concerned section 501(c)(6) of the Code the same rationale must be applied to section 501(c)(3). It is therefore concluded that this publication

constitutes personal services for your members. In effect it amounts to advertising the various businesses in which your members are engaged and permits the members to receive benefits and business because they are members of your organization. You have indicated that this publication is a major activity of your organization.

It is therefore concluded that the primary purpose of your organization is to serve the interests of your members. Since you are serving the private interests of your members you do not meet the requirements of being organized and operated exclusively for the purposes as listed in section 501(c)(3) of the Code.

Although some of your activities may be educational in nature it is concluded that you are not organized and operated exclusively for 501(c)(3) purposes. You therefore do not qualify for tax-exempt status as an organization described in section 501(c)(3) of the Code. Based on the information submitted, tax exempt status will not be recognized under any related paragraph of section 501(c) of the Code.

Since you have not been granted tax-exempt status you are required to file Federal income tax returns on Form 1120.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional office conference staff. Your request for a conference should include a written appeal giving the facts, law and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional office, or if you request, at any mutually convenient District office. If we do not hear from you within 30 days of this letter, this determination will become final, and a copy of this letter will be sent to the appropriate state officials in accordance with section 6104(c) of the Code.

[REDACTED]

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

[REDACTED]
District Director

Enclosure: Publication 892

cc: [REDACTED]

cc: [REDACTED]